

Legal Assistance Resource Center

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H.B. 6401 and 6402 -- Deregulation of VOiP and telephone service

Energy and Technology Committee public hearing -- February 21, 2013
Testimony of Raphael L. Podolsky

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| Recommended Committee action: NO ACTION ON THE BILLS |
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It is important to Connecticut consumers that Connecticut have an effective and universal regulatory structure for telecommunications services. Such a structure provides consumers with a vehicle for the resolution of complaints, helps preserve quality of services, and minimizes the risk that customers who are low-income, elderly, residentially-isolated, or otherwise less attractive to telecommunications providers will be unable to obtain or afford adequate services.

These bills move Connecticut in the wrong direction, i.e., farther away from such a structure. They are not "modernization" bills, as suggested by the title of H.B. 6402, but rather are deregulation bills, costing Connecticut the ability to protect its own residents. They fail to recognize the importance of "wired lines" (i.e., AT&T's landline system) to thousands and thousands of Connecticut residents and virtually invite AT&T to discontinue landline service without public consideration of the adverse consequences. They fail to recognize the non-universal nature of other services and the circumstances in which they will not function effectively. They fail to appreciate that the statutory term "competitive" (a term of art meaning that the customer has no services whatsoever other local services on a basic wired line) does not mean that alternate affordable products are available to such a customer. They fail to appreciate the ways in which low-income customers can be left with no affordable service if they are unable to pay for expensive bundling plans.

H.B. 6402 is damaging to Connecticut consumers for a number of reasons. These include:

- It invites telephone companies (which in Connecticut is primarily AT&T) to get out of the landline business entirely on nothing more than 30 days' notice, without a hearing or regulatory authority to review the consequences of such a decision.
- It exacerbates the problems with treating markets that are in fact non-competitive as if customers have a realistic choice. It puts low-income individuals and households at great risk of being unable to afford telephone service.

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- It allows such companies to escape service quality standards.
- It eliminates the auditing that allows Connecticut to review investment in Connecticut infrastructure.
- It undercuts the use of telephone service as a critical part of the safety network in times of crisis (such as when the electric network is down) and assumes a universality and level of reliability of cell phone coverage that does not exist.

H.B. 6401, which deals with VOiP, is even more explicit in its denial to Connecticut of the power to protect consumers. It explicitly prohibits the state from adopting or enforcing, either directly or indirectly, any law that regulates "the entry, rates, terms or conditions" of VOiP. This broad and quite extraordinary denial of state consumer protection leaves Connecticut residents at the mercy of providers themselves, apparently without access to any administrative procedure for resolving complaints. It also appears to narrow the right of consumers to act under the Connecticut Unfair Trade Practices Act by limiting use of that statute to proceedings by the Attorney General.

We believe that these two bills are contrary to the interest of Connecticut consumers and urge the Energy and Technology Committee to take no further action on them.